

Message Text

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SUBJECT: IRON & STEEL WP - ENERGY REPORT

REF. OECD PARIS 33635

1. COMMENTS ON DRAFT REPORT (DSTI/IND/IS/75.5) ON
ENERGY IN IRON & STEEL INDUSTRY FOLLOW:

A. PARA. 6: THERE NOT VERY MUCH INFORMATION HERE
ON ENERGY COSTS FOR STEEL INDUSTRY--SHOULD WE NOT
STATE HOW MUCH HAVE COSTS INCREASED, WHAT PROPORTION
ENERGY COSTS ARE TO TOTAL COSTS AND WHETHER THIS
PROPORTION HAS INCREASED. FACT THAT AT LEAST IN
SOME COUNTRIES HIGHER ENERGY COSTS HAVE BEEN PASSED
ON IN WHOLE OR IN PART TO STEEL USERS IS NOT
MENTIONED.

B. PARA. 7: SUGGEST SECOND STRUCTURAL DIFFERENCE
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LISTED READ: "PROPORTION OF SINTER AND PELLETS IN

THE BLAST FURNACE BURDEN."

C. PARA. 8: THE REASONS FOR VERY WIDE RANGE OF CONSUMPTION OF ENERGY IN STEEL INDUSTRIES ARE NOT CLEAR FROM TABLES AND TEXT. CAN DIFFERENCE BETWEEN ITALY (0.52 T.C.E.) AND THE UNITED KINGDOM (1.29 T.C.E.) BE EXPLAINED BY STRUCTURAL DIFFERENCES BETWEEN THESE

TWO STEEL INDUSTRIES? OR, IS THE U.K. JUST AN ENERGY WASTER? OR, ARE THERE STATISTICAL DIFFERENCES OR OTHER REASONS? IN ANY EVENT, NO CONCLUSIONS HAVE BEEN DRAWN FROM TABLES 3,4, AND 5. THERE APPEAR TO BE ERRORS IN TABLE 5--ALL THE LINES DO NOT ADD ACROSS TO 100. THERE ARE ALSO OTHER ERRORS. FOR EXAMPLE, TABLE 4 SHOWS CONSUMPTION OF COAL IN GERMAN STEEL INDUSTRY AS 69 PERCENT OF TOTAL ENERGY CONSUMED, WHILE TABLE 5 SHOWS 30.4 PERCENT. SUGGEST THAT ALL TABLES SHOULD BE CHECKED.

D. PARA. 10: NO DATA HAS BEEN PROVIDED IN REPORT TO SUPPORT STATEMENT IN FIRST SENTENCE THAT "THE ENERGY BALANCE" IN OECD STEEL INDUSTRIES HAS BEEN IMPROVED SINCE 1972. IF SUCH DATA NOT YET AVAILABLE, WE SHOULD NOT MAKE STATEMENT.

E. PARA. 12: SUGGEST LAST SENTENCE READ "AS WELL AS A SOURCE OF HEAT.", INSTEAD OF "RATHER THAN A SOURCE OF HEAT."

F. PARAS. 13-17: 6-9 DOLLARS HYPOTHESES ARE NO LONGER REALISTIC BASES FOR PROJECTIONS AND DEVELOPMENTS INDICATED AS LIKELY HAVE TO BE REASSESSED IN LIGHT OF DEVELOPMENTS SINCE OECD ENERGY STUDY WAS PREPARED. NEVERTHELESS, THESE PROJECTIONS DO GIVE AN INDICATION OF DEVELOPMENTS AND POSSIBLE IMPACT OF HIGHER COSTS ON FUTURE ENERGY USE AS A WHOLE IN OECD COUNTRIES.

G. PARA. 23: IT IS UNREALISTIC TO USE 1972 SPECIFIC CONSUMPTION SINCE HIGHER COST OF ENERGY HAS ALREADY UNCLASSIFIED

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REDUCED CONSUMPTION OF ENERGY PER TON OF STEEL MILL PRODUCT PRODUCED OR SHIPPED. COMPARING SUCH PROJECTIONS IN OECD ENERGY STUDY WHICH TAKE INTO ACCOUNT THE HIGHER COSTS OF ENERGY DISTORT THE TRUE PICTURE.

H. PARA. 28: HASN'T MOST OF THIS 10 PERCENT SAVING ALREADY BEEN REALIZED SINCE 1972? PERHAPS SAVING MEASURED OVER THIRTEEN YEARS SHOULD BE EVEN GREATER.

IT IS RECOGNIZED THAT THE INITIAL ENERGY SAVING IS RELATIVELY EASY AND INEXPENSIVE, BUT BEYOND THAT IT BECOMES VERY EXPENSIVE BECAUSE IT INVOLVES NEW EQUIPMENT OR FACILITIES AND MUST BE DONE OVER LONGER TIME FRAME.

I. PARA. 35: WITH ABUNDANT SUPPLIES OF IRON ORE AROUND THE WORLD, IT IS NOT CLEAR THAT INDUSTRIALIZED COUNTRIES WOULD HAVE TO SHIFT TO IMPORTING SEMIFINISHED STEEL ON A MASSIVE SCALE.

J. PARA. 36: WHICH MEMBER COUNTRIES ARE IMPLEMENTING A POLICY OF INVESTING IN STEEL IN LESS DEVELOPED COUNTRIES? RECOMMENDATION IN THE LAST SENTENCE IS NOT CLEAR. IS COMPETITIVE INVESTMENT A SERIOUS PROBLEM; IS A SCRAMBLE LIKELY?

2. PASS FOREGOING TO SECRETARIAT AND SEEK AMENDMENT OF REPORT AS APPROPRIATE. KISSINGER

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